3rd Quarter
Fiscal 2024 Report

40 Years of **Growth**

Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management Discussion and Analysis (MD&A) dated February 29, 2024, comments on our operations, financial performance and financial condition as at and for the three and nine-month periods ended January 31, 2024 and January 31, 2023 and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Tecsys Inc. ("Tecsys", the "Company") and Notes thereto, which are included in this document, and the annual report for the year ended April 30, 2023. The Company's third quarter of fiscal year 2024 ended on January 31, 2024.

The Company prepares its unaudited condensed interim consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). The unaudited condensed interim consolidated financial statements are prepared by and are the responsibility of the Company's Management.

This document and the unaudited condensed interim consolidated financial statements are expressed in Canadian dollars unless otherwise indicated. The functional currency of the Company and its subsidiaries is the Canadian dollar with the exception of its Danish subsidiaries whose functional currency is the Danish kroner.

The unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on February 29, 2024. Additional information about Tecsys Inc., including copies of the continuous disclosure materials such as the annual information form and the management proxy circular, can be obtained from SEDAR+ at www.sedarplus.ca.

Forward-Looking Information

This management's discussion and analysis contains "forward-looking information" within the meaning of applicable securities legislation. Although the forward-looking information is based on what the Company believes are reasonable assumptions, current expectations, and estimates, investors are cautioned from placing undue reliance on this information since actual results may vary from the forward-looking information. Forward-looking information may be identified by the use of forward-looking terminology such as "believe", "intend", "may", "will", "expect", "estimate", "anticipate", "continue" or similar terms, variations of those terms or the negative of those terms, and the use of the conditional tense as well as similar expressions.

Such forward-looking information that is not historical fact, including statements based on management's belief and assumptions, cannot be considered as guarantees of future performance. They are subject to a number of risks and uncertainties, including but not limited to future economic conditions, the markets that the Company serves, the actions of competitors, major new technological trends, and other factors, many of which are beyond the Company's control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. The Company undertakes no obligation to update publicly any forward-looking information whether as a result of new information, future events or otherwise other than as required by applicable legislation. Important risk factors that may affect these expectations include, but are not limited to, the factors described under the section "Risks and Uncertainties" in the Company's annual report for the year ended April 30, 2023.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this management discussion and analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) competitive environment; (ii) operating risks; (iii) the Company's management and employees; (iv) capital investment by the Company's customers; (v) customer project implementations; (vi) liquidity; (vii) current global financial and geopolitical conditions; (viii) implementation of the Company's commercial strategic plan; (ix) credit; (x) potential product liabilities and other lawsuits to which the Company may be subject; (xi) additional financing and dilution; (xii) market liquidity of the Company's common shares; (xiii) development of new products; (xiv) intellectual property and other proprietary rights; (xv) acquisition and expansion; (xvi) foreign currency; (xvii) interest rates; (xviii) technology and regulatory changes; (xix) internal information technology infrastructure and applications and (xx) cyber security.

Use of non-IFRS Performance Measures

The Company uses certain non-IFRS financial performance measures in its MD&A and other communications which are described in the "Non-IFRS Performance Measures" section of this MD&A. The non-IFRS measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures reported by other companies. Readers are cautioned that the disclosure of these metrics is meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses both IFRS and non-IFRS measures when planning, monitoring and evaluating the Company's performance.

Overview

Tecsys is a global provider of cloud-based supply chain solutions that equip the borderless enterprise for growth and competitive advantage. Tecsys caters to multiple complex, regulated and high-volume distribution industries. Dynamic and powerful solutions include warehouse management, distribution and transportation management, supply management at point of use, order management and fulfillment, financial management and analytics solutions.

Customers running on Tecsys' supply chain platform have confidence they can execute with consistency, regardless of business fluctuations or changes in technology. As their businesses grow more complex, organizations operating on a Tecsys platform can adapt and scale to business needs or size, enabling them to expand and collaborate with customers, suppliers and partners as one borderless enterprise. The platform allows organizations to transform their supply chains for agility and performance at the speed that their growth demands. From demand planning to demand fulfillment, Tecsys puts power into the hands of both front-line workers and back-office planners, enabling business leaders to establish sustainable and scalable logistics so they can focus on the future of their products, services and people, not on their operational challenges.

Customers around the world trust their supply chains to Tecsys in the healthcare, automotive and service parts, third-party logistics, converging commerce, and industrial and general wholesale high-volume distribution markets. Tecsys is the market leader in North America for supply chain solutions for health systems and hospitals. It serves a number of marquee brands located in the U.S., Canada, Europe and Australia, and continues to expand its global footprint across its principal markets.

The Company has five principal sources of revenue:

- Software as a service (SaaS) subscription which represent the right to access our software platform in a hosted and managed environment for a period of time; these subscriptions are typically sold in three to five year term agreements with auto-renewal provisions;
- Maintenance and support services sold with perpetual licenses and hardware maintenance services; these services are typically sold in annual agreements with auto-renewal provisions;
- Professional services, including implementation, consulting and training services provided to customers;
- Licenses; and
- Hardware.

Tecsys expects SaaS revenue to continue to grow over time. Revenue from maintenance and support services relate in a large part to our prior business model of selling perpetual licenses with attached maintenance and support fees. Revenue from maintenance and support services also results from selling hardware with attached maintenance which is part of our continuing business model. The Company expects maintenance and support services revenue to generally decline over time as new customers acquire SaaS subscriptions and existing customers eventually migrate to SaaS.

In the three and nine months ended January 31, 2024, the Company generated $43.8 million and $127.3 million in total revenue, respectively. The revenue mix for the three months ended January 31, 2024 was: SaaS 32%;

maintenance and support 20%; professional services 30%; license 1%; and hardware 17%. The revenue mix for the three months ended January 31, 2023 was: SaaS 25%; maintenance and support 21%; professional services 35%; license 3%; and hardware 16%.

The revenue mix for the nine months ended January 31, 2024, was: SaaS 30%; maintenance and support 20%; professional services 32%; license 1%; and hardware 17%. The revenue mix for the nine months ended January 31, 2023 was: SaaS 24%; maintenance and support 22%; professional services 37%; license 2%; and hardware 15%.

Key Performance Indicators

The Company uses certain key performance indicators in its MD&A and other communications which are described in the following section. These key performance indicators do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled indicators reported by other companies and cannot be reconciled to a directly comparable IFRS measure. Readers are cautioned that the disclosure of these metrics are meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses IFRS and Non-IFRS measures as well as key performance indicators when planning, monitoring and evaluating the Company's performance.

Recurring Revenue

Recurring revenue (also referred to as Annual Recurring Revenue (ARR)) is defined as the contractually committed purchase of SaaS, maintenance, and customer support services over the next twelve months. The quantification assumes that the customer will renew the contractual commitment on a periodic basis as they come up for renewal unless the customer has cancelled. This portion of the Company's revenue is predictable and stable.

Bookings

Broadly speaking, bookings refer to the total value of accepted contracts. This includes SaaS ARR bookings (the average annual value of committed SaaS recurring revenue at the time of contract signing) and professional services bookings. The Company believes that these metrics are primary indicators of business performance.

Backlog

Backlog in general refers to the value of contracted revenue that is not yet recognized. Our backlog reporting focuses on (a) Annual Recurring Revenue, (b) Professional Services Backlog and (c) Remaining Performance Obligation (RPO). The Company enters into SaaS subscription agreements that are typically multi-year performance obligations with original contract terms of three to five years. SaaS RPO represents revenue that we expect to recognize in the future related to firm performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. Unlike ARR which has a one-year time horizon, SaaS RPO can include multiple years of contracted SaaS subscriptions.

Results of Operations

The following table presents a summary of the results of operations:

(in thousands of CAD, except earnings per share)	Three months ended January 31, 2024	Three months ended January 31, 2023	Nine months ended January 31, 2024	Nine months ended January 31, 2023
Statement of Operations				
Revenue	$ 43,823	$ 38,917	$ 127,287	$ 111,232
Cost of revenue	23,893	21,909	69,512	62,787
Gross profit	19,930	17,008	57,775	48,445
Operating expenses	18,707	15,968	55,198	46,267
Profit from operations	1,223	1,040	2,577	2,178
Other income	(180)	(303)	(435)	(334)
Profit before income taxes	$ 1,403	$ 1,343	$ 3,012	$ 2,512
Income tax expense	644	455	1,422	869
Net profit	$ 759	$ 888	$ 1,590	$ 1,643
Adjusted EBITDA[1]	$ 2,640	$ 2,774	$ 6,834	$ 7,035
Basic and diluted earnings per share	$ 0.05	$ 0.06	$ 0.11	$ 0.11
SaaS Remaining Performance Obligation (RPO)[2]			$ 157,215	$ 128,313
Total Annual Recurring Revenue (ARR)[2]			$ 87,248	$ 75,361

Non-IFRS Performance Measures

The terms and definitions of the non-IFRS measures used in this MD&A are provided below. These non-IFRS measures do not have any standardized meanings prescribed by IFRS and may not be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation.

EBITDA and Adjusted EBITDA

EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA before stock-based compensation, gain on remeasurement of lease liability and recognition of tax credits generated in prior periods. The exclusion of interest expense, interest income and income taxes eliminates the impact on earnings derived from non-operational activities, and the exclusion of depreciation, amortization, share-based compensation, gain on remeasurement of lease liability and recognition of tax credits generated in prior periods eliminates the non-cash impact of these items.

The Company believes that these measures are useful measures of financial performance without the variation caused by the impacts of the items described above and that could potentially distort the analysis of trends in our operating performance. In addition, they are commonly used by investors and analysts to measure a company's performance, its ability to service debt and to meet other payment obligations, or as a common valuation measurement. Excluding these items does not imply that they are necessarily non-recurring. Management believes these non-GAAP financial measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance and future prospects in a manner similar to management. Although EBITDA and Adjusted EBITDA are frequently used by securities analysts, lenders and others in their evaluation of companies, they have limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of the Company's results as reported under IFRS.

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1 Refer to section below "Non-IFRS Performance Measures" for definition.

2 Refer to section "Key Performance Indicators" for definition.

The reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable IFRS measure is provided below.

	Three months ended January 31,		Nine months ended January 31,	
(in thousands of CAD)	**2024**	**2023**	**2024**	**2023**
Net profit for the period	$ 759	$ 888	$ 1,590	$ 1,643
Adjustments for:				
Depreciation of property and equipment and right-of-use assets	355	476	1,116	1,335
Amortization of deferred development costs	147	135	436	351
Amortization of other intangible assets	356	411	1,146	1,201
Interest expense	45	92	136	389
Interest income	(260)	(221)	(782)	(475)
Income taxes	644	455	1,422	869
EBITDA	$ 2,046	$ 2,236	$ 5,064	$ 5,313
Adjustments for:				
Stock based compensation	594	538	1,770	1,722
Adjusted EBITDA	$ 2,640	$ 2,774	$ 6,834	$ 7,035

Constant currency

Financial results at constant currency allow results to be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons in the analysis of trends in business performance. Financial results at constant currency are obtained by translating prior period results denominated in U.S. dollars and Danish kroner at the foreign exchange rates of the current period. Current period foreign exchange rates used in the constant currency translation include the impact of designated U.S. dollar revenue hedges.

Revenue

Total revenue for the three and nine months ended January 31, 2024, was $43.8 million and $127.3 million, respectively, an increase of $4.9 million or 13% and $16.1 million or 14%, respectively, compared to the same periods last year. Total revenue excluding hardware for the three and nine months ended January 31, 2024 increased by 11% and 12%, respectively, compared to the same periods last year (9% and 8%, respectively, on a constant currency basis). Revenue is broken down as follows:

	Three months ended January 31,			Nine months ended January 31,		
(in thousands of CAD)	**2024**	**2023**	**Change %**	**2024**	**2023**	**Change %**
SaaS	$ 14,160	$ 9,544	48%	$ 37,727	$ 26,343	43%
Maintenance and support	8,620	8,356	3%	25,817	24,722	4%
Professional services	13,021	13,569	-4%	40,798	40,739	0%
License	396	1,073	-63%	1,104	2,587	-57%
Hardware	7,626	6,375	20%	21,841	16,841	30%
Total Revenue	$ 43,823	$ 38,917	13%	$ 127,287	$ 111,232	14%
Total Revenue Excluding Hardware	$ 36,197	$ 32,542	11%	$ 105,446	$ 94,391	12%

Approximately 69% of the Company's revenues were generated in U.S. dollars during the third quarter of Fiscal 2024 (2023-68%). The U.S. dollar averaged CA$1.3522 in the third quarter of Fiscal 2024 in comparison to CA$1.3489 in the same period of Fiscal 2023. The increase in the value of the U.S dollar combined with the net impact of the Company's partial hedging of U.S. revenue gave rise to a net favorable foreign currency related revenue variance of $0.9 million in comparison to the third quarter of Fiscal 2023.

Approximately 72% of the Company's revenues were generated in U.S. dollars during the first nine months of Fiscal 2024 (2023-67%). The U.S. dollar averaged CA$1.3480 in the first nine months of Fiscal 2024 in comparison to CA$1.3224 in the same period of Fiscal 2023. The increase in the value of the U.S dollar combined with the net impact of the Company's partial hedging of U.S. revenue gave rise to a net favorable foreign currency related revenue variance of $3.3 million in comparison to the first nine months of Fiscal 2023.

On a constant currency basis, revenue for the three and nine months ended January 31, 2024 grew by approximately 10% and 11%, respectively, compared to the same periods last year.

Total ARR on January 31, 2024, was $87.2 million, up 16% compared to $75.4 million on January 31, 2023. A significant amount of ARR is denominated in currencies other than Canadian Dollars. As a result, movements in exchange rates will have an impact on ARR. On a constant currency basis, ARR increased 15% during the twelve months ended January 31, 2024.

SaaS revenue

The Company generates revenue from proprietary software under a SaaS model. SaaS subscriptions represent the right to access our software platform in a hosted and managed environment for a period of time. The Company enters into SaaS subscription agreements that are typically multi-year performance obligations with original contract terms of three to five years.

SaaS revenue in the third quarter of Fiscal 2024 was $14.2 million, up 48% or $4.6 million compared to the third quarter of Fiscal 2023. The increase is due to new SaaS revenue from bookings in recent quarters and foreign exchange, net of cancellations impacting the quarter. Foreign exchange positively impacted reported SaaS revenue growth as a significant portion of the Company's SaaS revenue is denominated in U.S. dollars. On a constant currency basis, SaaS revenue in the third quarter of Fiscal 2024 grew by approximately 45% compared to the same period of Fiscal 2023. SaaS revenue in the third quarter of Fiscal 2024 was up $2.1 million sequentially compared to the second quarter of Fiscal 2024 and benefited from a one-time revenue recognition of approximately $0.7 million related to the completion of a product performance obligation. SaaS revenue for the first nine months of Fiscal 2024 was $37.7 million, up 43% (39% on a constant currency basis) or $11.4 million compared to the same period in Fiscal 2023.

In the third quarter of Fiscal 2024, SaaS subscription bookings (measured on an ARR basis) were $4.9 million, down 17% compared to $5.8 million in the third quarter of Fiscal 2023. In the first nine months of Fiscal 2024, SaaS bookings were $10.5 million, down 16% from $12.5 million in the same period of Fiscal 2023. The Company has historically seen some lumpiness in quarterly deal closings, and the Company expects this to continue.

On January 31, 2024, SaaS RPO[3] was $157.2 million, up 23% from $128.3 million at the same time last year. A significant amount of SaaS RPO is denominated in currencies other than Canadian Dollars. As a result, movements in exchange rates will impact reported SaaS RPO. On a constant currency basis, SaaS RPO increased 22% during the twelve months ended January 31, 2024.

Maintenance and support revenue

Maintenance and support revenue derives largely from the Company's legacy perpetual license installed base. The Company enters into maintenance and support contracts that typically have an original term of one year and are subject to annual renewal. Maintenance and support revenue for the three and nine months ended January 31, 2024 was $8.6 million and $25.8 million, respectively, up 3% and 4% compared to the same periods of Fiscal 2023. On a constant currency basis, third quarter and first nine months of Fiscal 2024 maintenance and support revenue were up by 1%, compared to the same periods of Fiscal 2023. We expect a decline in maintenance and support revenue over time as the business continues to shift to SaaS.

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[3] Refer to section "Key Performance Indicators" for definition.

Professional services revenue

Professional services revenue includes fees for implementation, consulting and training services provided to customers, as well as reimbursable expenses. Professional services revenue for the three and nine months ended January 31, 2024 was $13.0 million and $40.8 million, respectively, down 4% and flat, respectively, compared to the same periods of Fiscal 2023. Foreign exchange positively impacted reported professional services revenue growth as a significant portion of the Company's professional services revenue is denominated in U.S. dollars. On a constant currency basis, third quarter of Fiscal 2024 was down by 6% compared to the same period last year and the first nine months of Fiscal 2024 professional services revenue decreased by 3% compared to the same period of Fiscal 2023. In the third quarter of Fiscal 2024, Professional services bookings were $9.0 million, down 54% compared to $19.8 million in the same period of Fiscal 2023. In the first nine months of Fiscal 2024, Professional services bookings were $39.0 million, down 12% compared to $44.4 million in the same period of Fiscal 2023. Professional services bookings are in part linked to SaaS subscription bookings and are subject to timing. In addition, project implementation timing can impact the speed at which professional services bookings convert to revenue. In Fiscal 2024, we continued to see an uptick on work performed by implementation partners and we expect this trend to continue and have a long-term effect of moderating professional services revenue growth.

License revenue

License revenue includes revenue from proprietary software as well as third-party software. In the three months ended January 31, 2024, license revenue amounted to $0.4 million, down by 63% compared to the same period of Fiscal 2023. For the nine months ended January 31, 2024, license revenue was $1.1 million, down by 57% from $2.6 million in the same period last year. Perpetual license bookings in the three and nine months ended January 31, 2024 were $0.1 million and $0.9 million, respectively, compared to $1.1 million and $2.3 million, respectively, in the same periods last year. We expect license revenue to generally decline over time because of the shift to SaaS.

Hardware revenue

Hardware revenue includes third-party hardware products and proprietary technology products. While hardware revenue can tend to be uneven, it is a key component of our market offering and thereby supports our recurring revenue business. Hardware revenue for the three months ended January 31, 2024, was $7.6 million, up by 20%, compared to $6.4 million during the same period of Fiscal 2023. For the nine months ended January 31, 2024, hardware was $21.8 million, up by 30% from $16.8 million during the same period last year.

Cost of Revenue and Gross Profit

(in thousands of CAD)	Three months ended January 31, 2024	2023	Change %	Nine months ended January 31 2024	2023	Change %
Cost of revenue:						
SaaS, maintenance, support and professional services	$ 18,717	$ 16,688	12%	$ 53,984	$ 49,344	9%
License and hardware	5,176	5,221	-1%	15,528	13,443	16%
Total cost of revenue	**23,893**	**21,909**	**9%**	**69,512**	**62,787**	**11%**
Gross profit & gross profit margin:						
SaaS, maintenance, support and professional services gross profit	$ 17,084	$ 14,781	16%	$ 50,358	$ 42,460	19%
Gross profit margin	48%	47%		48%	46%	
License and hardware gross profit	$ 2,846	$ 2,227	28%	$ 7,417	$ 5,985	24%
Gross profit margin	35%	30%		32%	31%	
Total gross profit	**$ 19,930**	**$ 17,008**	**17%**	**$ 57,775**	**$ 48,445**	**19%**
Total gross profit margin	**45%**	**44%**		**45%**	**44%**	

Total cost of revenue for the third quarter and first nine months of Fiscal 2024 increased to $23.9 million and $69.5 million, respectively, or an increase of 9% and 11% compared to the same periods of Fiscal 2023. For the third quarter of Fiscal 2024, the increase is driven by higher SaaS, maintenance, support and professional services costs. For the first nine months of Fiscal 2024, the increase is driven by both higher SaaS, maintenance, support and professional services costs and higher cost of hardware.

For the third quarter and first nine months of Fiscal 2024, the cost of SaaS, maintenance, support and professional services increased to $18.7 million and $54.0 million, respectively, up $2.0 million and $4.6 million compared to the same periods of Fiscal 2023. Cost of SaaS, maintenance, support and professional services increased compared to the prior year period as a result of direct costs associated with higher revenue, including higher employee costs and higher public cloud infrastructure costs. For the third quarter and first nine months of Fiscal 2024, the cost of SaaS, maintenance, support and professional services included tax credits of $0.6 million and $2.0 million, respectively, compared to $0.9 million and $2.4 million for the same periods of Fiscal 2023.

The cost of license and hardware was $5.2 million in the third quarter of Fiscal 2024, down slightly compared to the same period in Fiscal 2023. The cost of license and hardware increased to $15.5 million in the first nine months of Fiscal 2024, up $2.1 million or 16% compared to the same period of Fiscal 2023, driven by higher hardware revenue.

Gross profit was $19.9 million, up $2.9 million in the third quarter of Fiscal 2024 compared to the same period in Fiscal 2023 mainly driven by higher gross profit contribution from SaaS, maintenance, support and professional services. In the first nine months of Fiscal 2024 gross profit increased to $57.8 million, up $9.3 million compared to the same period in Fiscal 2023. This is mainly due to higher SaaS, maintenance, support and professional services gross profit contribution.

As a percentage of revenue, total gross profit margin for the three and nine months ended January 31, 2024 were

45%, respectively, up compared to 44%, respectively, for the same periods in Fiscal 2023.

Combined SaaS, maintenance, support and professional services gross profit margin for the three months ended January 31, 2024 was 48% compared to 47% in the prior year period. This increase was driven by SaaS margin expansion which was partially offset by the impact of lower professional services margins resulting from project implementation timing. For the nine months ended January 31, 2024, combined SaaS, maintenance, support and professional services gross profit margin was 48% compared to 46% for the same period in Fiscal 2023. The driver for this increased gross profit margin was SaaS margin expansion.

License and hardware gross profit margin for the three months ended January 31, 2024 was 35%, compared to 30% for the same period in Fiscal 2023. The uptick in this gross profit margin was the result of delivering a larger mix of higher margin hardware. For the first nine months of Fiscal 2024, license and hardware gross profit margin was 32% compared to 31% for the same period of Fiscal 2023.

Operating Expenses

(in thousands of CAD)	Three months ended January 31, 2024	2023	Change %	Nine months ended January 31, 2024	2023	Change %
Sales and marketing expenses	$ 8,223	$ 7,349	12%	$ 24,539	$ 20,302	21%
As a percentage of Total Revenue	19%	19%		19%	18%	
General and administration expenses	2,650	2,813	-6%	8,580	8,619	0%
As a percentage of Total Revenue	6%	7%		7%	8%	
Research and development expenses, net of tax credits	7,834	5,806	35%	22,079	17,346	27%
As a percentage of Total Revenue	18%	15%		17%	16%	
Total operating expenses	**$ 18,707**	**$ 15,968**	**17%**	**$ 55,198**	**$ 46,267**	**19%**
As a percentage of Total Revenue	**43%**	**41%**		**43%**	**42%**	

Total operating expenses for the three and nine months ended January 31, 2024 were $18.7 million and $55.2 million, respectively, an increase of $2.7 million and $8.9 million compared to the same periods in Fiscal 2023. There was no significant impact of foreign exchange on expenses during the three months ended January 31, 2024. The impact of foreign exchange during the nine months ended January 31, 2024 had an unfavorable impact on expenses of $0.6 million when compared to the same period in Fiscal 2023.

Sales and marketing expenses

Sales and marketing expenses for the three and nine months ended January 31, 2024 amounted to $8.2 million and $24.5 million, respectively, an increase of $0.9 million and $4.2 million when compared to the same periods in Fiscal 2023. The increase is mainly attributed to higher personnel costs, marketing programs costs (including the user conference in the second quarter of Fiscal 2024) and travel.

General and administrative expenses

General and administrative expenses for the three months ended January 31, 2024, were $2.7 million, a decrease of $0.2 million when compared to the same period of last year. The decrease is attributed to lower bad debt expense and professional fees.

General and administrative expenses for the nine months ended January 31, 2024 were $8.6 million, flat compared to the same period in Fiscal 2023.

Net R&D expenses

Net R&D expenses for the three and nine months ended January 31, 2024, were $7.8 million and $22.1 million, respectively, an increase of $2.0 million and $4.7 million from the same periods in Fiscal 2023. The increase was mainly attributable to higher personnel costs partially offset by higher tax credits and deferred development costs.

For the three and nine months ended January 31, 2024, the Company deferred development costs of $0.3 million and $0.8 million, respectively, compared to $0.1 million and $0.6 million for the same periods in Fiscal 2023. The Company amortized deferred development costs of $0.1 million in the third quarter of Fiscal 2024, flat compared to the same period of Fiscal 2023. Amortized deferred development costs in the first nine months of Fiscal 2024 was $0.4 million, flat compared to the same period in Fiscal 2023.

The Company recorded R&D tax credits and e-business tax credits of $0.8 million for the third quarter of Fiscal 2024 compared to $1.1 million for the same period in Fiscal 2023. For the first nine months of Fiscal 2024, the Company recorded R&D tax credits and e-business tax credits of $2.9 million compared to $2.5 million for the same period in Fiscal 2023.

Other Income and Income Tax Expense

		Three months ended January 31,			Change		Nine months ended January 31,			Change
(in thousands of CAD)		**2024**		**2023**	**%**		**2024**		**2023**	**%**
Other Income	$	(180)	$	(303)	-41%	$	(435)	$	(334)	30%
Income Tax Expense		644		455	42%		1,422		869	64%
Income Tax Expense as a percentage of profit before income taxes		46%		34%			47%		35%	

Other income in the third quarter and first nine months of Fiscal 2024 consists primarily of interest income offset by foreign exchange loss and interest expense on lease obligations.

Income tax expense for the third quarter of Fiscal 2024 was $0.6 million compared to income tax expense of $0.5 million for the same period in Fiscal 2023.

Income tax expense for the nine months ended January 31, 2024 was $1.4 million compared to $0.9 million for the same period in Fiscal 2023. The increase in income tax expense as a percentage of profit before income taxes resulted from the jurisdictional mix of results and deferred tax accounting.

Net Profit

(in thousands of CAD)	Three months ended January 31, 2024	2023	Change %	Nine months ended January 31, 2024	2023	Change %
Net Profit	$ 759	$ 888	-15%	$ 1,590	$ 1,643	-3%
Adjusted EBITDA	$ 2,640	$ 2,774	-5%	$ 6,834	$ 7,035	-3%
Basic and diluted earnings per share	$ 0.05	$ 0.06		$ 0.11	$ 0.11	

Net Profit, Adjusted EBITDA and earnings per share in the third quarter and first nine months of Fiscal 2024 were positively impacted by higher gross margin contribution, which was substantially offset by higher operating expenses. Adjusted EBITDA as well as net profit in the third quarter and first nine months of Fiscal 2024 were positively impacted by about $0.9 million and $2.7 million, respectively, from favorable foreign exchange movements compared to the same periods in Fiscal 2023.

Quarterly Selected Financial Data

The following table summarizes selected results for the eight most recently completed quarters to January 31, 2024:

(in thousands of CAD, except earnings per share)	FY 2024 Q3	FY 2024 Q2	FY 2024 Q1	FY 2023 Q4	FY 2023 Q3	FY 2023 Q2	FY 2023 Q1	FY 2022 Q4
Total revenue	$ 43,823	$ 41,489	$ 41,975	$ 41,192	$ 38,917	$ 38,111	$ 34,204	$ 34,288
Net Profit (loss)	759	(340)	1,171	446	888	715	40	2,586
Comprehensive income (loss)	4,770	(5,821)	3,318	414	3,998	(796)	(110)	2,159
Adjusted EBITDA[4]	2,640	1,021	3,173	2,449	2,774	2,777	1,484	1,730
Basic earnings (loss) per common share	0.05	(0.02)	0.08	0.03	0.06	0.05	0.00	0.18
Diluted earnings (loss) per common share	0.05	(0.02)	0.08	0.03	0.06	0.05	0.00	0.17

Total quarterly revenue excluding hardware has generally trended upward over the past eight quarters, primarily due to an increase in revenue from SaaS. Comprehensive income (loss) is impacted by foreign exchange movements resulting from revenue hedging. See also note 12 in our Condensed Interim Consolidated Financial Statements. Profit in the fourth quarter of Fiscal 2022 included the recognition of approximately $1.9 million net deferred tax assets, $0.6 million gain on remeasurement of lease liability and $0.6 million recognition of tax credits generated in prior periods.

[4] Refer to section below "Non-IFRS Performance Measures" for definition.

Liquidity and Capital Resources

On January 31, 2024, current assets totaled $78.4 million compared to $76.8 million at the end of Fiscal 2023. Cash and cash equivalents combined with short-term investments decreased $3.9 million to $33.2 million compared to $37.1 million at the end of Fiscal 2023. The decrease results primarily from financing and investing activities as described below.

Accounts receivable and work in progress totaled $28.2 million on January 31, 2024, up $3.5 million compared to April 30, 2023. The Company's Days Sales Outstanding (DSO) stood at 58 days at the end of January 31, 2024 compared to 54 days at April 30, 2023. DSO is a measure of the average number of days that a company takes to collect revenue after a sale. The Company's DSO is determined on a quarterly basis and can be calculated by dividing the total of accounts receivable and work in progress at the end of a quarter by the total value of sales during the same quarter and multiplying the result by 90 days.

Current liabilities on January 31, 2024, totaled $53.3 million compared to $52.9 million at the end of Fiscal 2023.

Cash from Operating Activities

Operating activities provided $2.3 million of cash in the third quarter of Fiscal 2024 in comparison to $4.6 million of cash used in the third quarter of Fiscal 2023. Operating activities used $0.1 million in the first nine months of Fiscal 2024 compared to using $2.3 million in the same period of Fiscal 2023.

Cash from operating activities excluding changes in non-cash working capital items increased to $1.5 million in the third quarter of Fiscal 2024 compared to $1.2 million in the same period of Fiscal 2023. Changes in non-cash working capital items provided $0.8 million in the third quarter of Fiscal 2024 compared to using $5.7 million in the prior year quarter. The key driver for this comparative improvement was the cash collection of tax credits during the current year quarter. The annual cash collection of tax credits occurred during Q4 of Fiscal 2023.

For the first nine months of Fiscal 2024, cash from operating activities excluding changes in non-cash working capital items decreased to $3.7 million from $5.1 million in the first nine months of Fiscal 2023. This decrease was primarily the result of movements in unrealized foreign exchange and other. Changes in non-cash working capital items used $3.8 million in the first nine months of Fiscal 2024 compared to using $7.4 million in the same period last year. As noted above, the key driver here was the collection of tax credits in Q3 of the current fiscal year.

Financing Activities

Cash used in financing activities was $2.5 million for the third quarter of Fiscal 2024 in comparison to cash used of $4.1 million for the same period in Fiscal 2023. Cash flows used in financing activities was $3.3 million for the first nine months of Fiscal 2024 in comparison to cash used of $7.4 million for the same period of Fiscal 2023. In the first nine months of Fiscal 2024, cash flow used in financing activities was primarily the result of payments of dividends and shares repurchased and cancelled under our Normal Course Issuer Bid, partially offset by proceeds from the issuance of common shares on the exercise of stock options.

Investing Activities

During the third quarter of Fiscal 2024, investing activities used funds of $0.5 million compared to $0.4 million in the same period in Fiscal 2023. During the first nine months of Fiscal 2024, investing activities used funds of $1.1 million, flat compared to the same period in Fiscal 2023.

The Company believes that funds on hand at January 31, 2024 together with cash flows from operations will be sufficient to meet its needs for working capital, R&D, capital expenditures and dividend policy, as well as to invest in long-term growth.

Related Party Transactions

Under the provisions of the share purchase plan for key management and other management employees, the Company provided interest-free loans to key management and other management employees of $0.4 million during the nine months ended January 31, 2024 ($0.4 million for the same period last year) to facilitate their purchase of the Company's common shares. As of January 31, 2024, loans outstanding amounted to $0.2 million (April 30, 2023 - $0.1 million).

Subsequent Events

Dividend Declaration:

On February 29, 2024 the Company's Board of Directors declared a quarterly dividend of $0.08 per share to be paid on April 11, 2024 to shareholders of record on March 21, 2024.

Strategic Restructuring Initiative:

Following the end of the reporting period and prior to the final approval of the financial statements, the Company embarked on a strategic restructuring initiative. This move is designed to boost profitability over the long term. As part of the restructuring effort, the Company reduced its workforce by about 4% across several departments, which is anticipated to incur severance costs of approximately $2.3 million.

This restructuring plan was communicated to employees in February 2024. Consequently, no provision for this plan was included in the financial statements as of January 31, 2024. The Company intends to recognize a provision for these costs in the upcoming quarterly financial statements, which will cover the period ending April 30, 2024.

The Company projects that this restructuring will lead to annual operating cost savings of around $4.6 million, chiefly through reductions in personnel-related costs. Additionally, the Company is committed to strategically investing in areas with high growth potential to not only increase its revenue streams but also to strengthen its competitive edge in the industry.

The above statements contain projections based on the Company's current expectations and assumptions regarding future events and market trends. Actual outcomes may vary significantly. See also **Forward-Looking Information** above.

Current and Anticipated Impacts of Current Economic Conditions

Current overall economic conditions together with market uncertainty and volatility may have an adverse impact on the demand for the Company's products and services as the industry may adjust quickly to exercise caution on capital spending. This uncertainty may impact the Company's revenue.

Based on ARR of $87.2 million and Professional services backlog of $36.7 million, the Company's management believes that total services revenue (including SaaS, maintenance and support and professional services revenue) ranging between $35.5 million and $36.5 million per quarter can be sustained in the short term.

Strategically, the Company continues to focus its efforts on the most likely opportunities within its existing vertical markets and customer base. The Company also currently offers SaaS subscriptions, modular sales and implementations and enhanced payment terms to promote revenue growth. We see continued market appetite for subscription-based SaaS licensing. To the extent our bookings continue to shift from perpetual license to SaaS and considering that license revenue is typically recognized up front while SaaS revenue is recognized over the contract period, revenue and operating profit will be impacted in the medium term.

The exchange rate of the U.S. dollar in comparison to the Canadian dollar continues to be an important factor affecting revenues and profitability as the Company currently derives more than 70% of its business from U.S. customers while the majority of its cost base is in Canadian dollars.

The Company will continue to adjust its business model to ensure that costs are aligned to its revenue expectations and economic reality to the extent possible.

Outstanding Share Data

As at January 31, 2024, the Company had 14,698,939 common shares outstanding.

Critical Accounting Policies and Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Company's critical accounting policies are those that it believes are the most important in determining its financial condition and results.

The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and recognized amounts of revenue and expenses. Actual results may differ from these estimates.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures that management intends to take. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

There have been no significant changes in the key sources of estimation uncertainty and judgements made in relation to the accounting policies applied to those disclosed in the Company's annual consolidated financial statements for the year ended April 30, 2023.

Accounting standard amendments effective for the year ended April 30, 2024:

The following amendments to existing standards were adopted by the Company on May 1, 2023:

Standard	Issue date
IAS 8, Definition of Accounting Estimates	February 2021
IAS 12, Income Taxes	May 2021
IAS 1, Presentation of Financial Statements	February 2021

Refer to the Company's condensed interim consolidated financial statements for the period ended January 31, 2024 for a discussion of new standards and interpretations adopted.

Controls & Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's Chief Executive Officer (CEO) and its Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures regarding the communication of information. They are assisted in this responsibility by the Company's Executive Committee, which is composed of members of senior management. Based on the evaluation of the Company's disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of January 31, 2024.

Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with IFRS in its unaudited condensed interim consolidated financial statements. The control framework that was designed by the Company's ICFR is in accordance with the framework criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) (COSO).

No changes to internal controls over financial reporting have come to management's attention during the three-month period ending on January 31, 2024, that have materially affected or are reasonably likely to materially affect internal controls over financial reporting.

Supplemental Information

Reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable IFRS measure

	FY 2024			FY 2023				FY 2022
(in thousands of CAD)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Net profit (loss) for the period	$ 759	$ (340)	$ 1,171	$ 446	$ 888	$ 715	$ 40	$ 2,586
Adjustments for:								
Depreciation of property and equipment and right-of-use assets	355	377	384	440	476	429	430	515
Amortization of deferred development costs	147	147	142	145	135	114	102	87
Amortization of other intangible assets	356	394	396	402	411	394	396	382
Interest expense	45	53	38	17	92	178	119	178
Interest income	(260)	(253)	(269)	(211)	(221)	(150)	(104)	(57)
Income taxes	644	(81)	859	755	455	389	25	(1,111)
EBITDA	2,046	297	2,721	1,994	2,236	2,069	1,008	2,580
Adjustments for:								
Stock based compensation	594	724	452	455	538	708	476	340
Gain on remeasurement of lease liability	-	-	-	-	-	-	-	(573)
Recognition of tax credits generated in prior periods	-	-	-	-	-	-	-	(617)
Adjusted EBITDA	$ 2,640	$ 1,021	$ 3,173	$ 2,449	$ 2,774	$ 2,777	$ 1,484	$ 1,730

Condensed Interim Consolidated Financial Statements

(Unaudited)

TECSYS INC.

For the three and nine-month periods ended January 31, 2024 and 2023

MANAGEMENT’S COMMENTS ON THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED JANUARY 31, 2024 and 2023

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s Management.

The Company’s independent auditors, KPMG LLP, have not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditors.

Dated this 29th day of February 2024.

Tecsys Inc.

Condensed Interim Consolidated Statements of Financial Position

As at January 31, 2024 and April 30, 2023
(Unaudited)
(in thousands of Canadian dollars)

	Note	January 31, 2024	April 30, 2023
Assets			
Current assets			
Cash and cash equivalents		$ 16,724	$ 21,235
Short-term investments	3	16,486	15,835
Accounts receivable		24,772	22,900
Work in progress		3,389	1,734
Other receivables		530	523
Tax credits		5,330	5,338
Inventory		1,903	1,034
Prepaid expenses		9,270	8,193
Total current assets		78,404	76,792
Non-current assets			
Other long-term receivables		901	363
Tax credits		5,900	5,368
Property and equipment		1,483	1,802
Right-of-use assets	4	1,352	1,708
Contract acquisition costs	5	3,864	3,738
Deferred development costs		2,627	2,254
Other intangible assets		7,996	9,287
Goodwill		17,294	17,467
Deferred tax assets		8,134	8,137
Total non-current assets		49,551	50,124
Total assets		**$ 127,955**	**$ 126,916**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 21,772	$ 21,669
Deferred revenue		30,697	30,388
Lease obligations	7	798	793
Total current liabilities		53,267	52,850
Non-current liabilities			
Other long-term accrued liabilities		8	253
Deferred tax liabilities		1,222	1,255
Lease obligations	7	1,506	2,120
Total non-current liabilities		2,736	3,628
Total liabilities		$ 56,003	$ 56,478
Equity			
Share capital	8	$ 48,026	$ 44,338
Contributed surplus		14,229	15,285
Retained earnings		9,037	10,832
Accumulated other comprehensive income (loss)	12	660	(17)
Total equity attributable to the owners of the Company		71,952	70,438
Total liabilities and equity		**$ 127,955**	**$ 126,916**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Tecsys Inc.

Condensed Interim Consolidated Statements of Income and Comprehensive Income

For the three and nine-month periods ended January 31, 2024 and 2023

(Unaudited)

(In thousands of Canadian dollars, except per share data)

	Note	Three Months Ended January 31,		Nine Months Ended January 31,	
		2024	**2023**	**2024**	**2023**
Revenue:					
SaaS		$ 14,160	$ 9,544	$ 37,727	$ 26,343
Maintenance and Support		8,620	8,356	25,817	24,722
Professional Services		13,021	13,569	40,798	40,739
License		396	1,073	1,104	2,587
Hardware		7,626	6,375	21,841	16,841
Total revenue		**43,823**	**38,917**	**127,287**	**111,232**
Cost of revenue	10	**23,893**	**21,909**	**69,512**	**62,787**
Gross profit		**19,930**	**17,008**	**57,775**	**48,445**
Operating expenses:					
Sales and marketing		8,223	7,349	24,539	20,302
General and administration		2,650	2,813	8,580	8,619
Research and development, net of tax credits		7,834	5,806	22,079	17,346
Total operating expenses		**18,707**	**15,968**	**55,198**	**46,267**
Profit from operations		**1,223**	**1,040**	**2,577**	**2,178**
Other income	11	(180)	(303)	(435)	(334)
Profit before income taxes		1,403	1,343	3,012	2,512
Income tax expense		644	455	1,422	869
Net profit		**$ 759**	**$ 888**	**$ 1,590**	**$ 1,643**
Other comprehensive income:					
Effective portion of changes in fair value on designated revenue hedges	12	4,101	2,368	1,101	515
Exchange differences on translation of foreign operations	12	(90)	742	(424)	934
Comprehensive Income		**$ 4,770**	**$ 3,998**	**$ 2,267**	**$ 3,092**
Basic and diluted earnings per common share	8	**$ 0.05**	**$ 0.06**	**$ 0.11**	**$ 0.11**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Tecsys Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the three and nine-month periods ended January 31, 2024 and 2023 (Unaudited)
(In thousands of Canadian dollars)

	Note	Three Months Ended January 31, 2024	Three Months Ended January 31, 2023	Nine Months Ended January 31, 2024	Nine Months Ended January 31, 2023
Cash flows from operating activities:					
Net profit		$ 759	$ 888	$ 1,590	$ 1,643
Adjustments for:					
Depreciation of property and equipment and right-of-use-assets		355	476	1,116	1,335
Amortization of deferred development costs		147	135	436	351
Amortization of other intangible assets		356	411	1,146	1,201
Interest expense (income) and foreign exchange (gain) loss	11	(180)	(303)	(435)	(334)
Unrealized foreign exchange and other		(452)	(273)	(1,050)	418
Non-refundable tax credits		(151)	(806)	(1,365)	(1,666)
Stock-based compensation	8	594	538	1,770	1,722
Income taxes		78	100	454	430
Net cash from operating activities excluding changes in non-cash working capital items related to operations		1,506	1,166	3,662	5,100
Accounts receivable		(4,175)	(2,480)	(1,950)	(6,870)
Work in progress		557	(288)	(1,662)	(359)
Other receivables		184	9	136	(221)
Tax credits		3,160	(1,224)	841	(3,353)
Inventory		213	(351)	(871)	(494)
Prepaid expenses		(304)	(1,291)	(945)	(1,473)
Contract acquisition costs	5	(401)	(388)	(261)	(718)
Accounts payable and accrued liabilities		3,890	1,478	597	1,614
Deferred revenue		(2,295)	(1,198)	327	4,455
Changes in non-cash working capital items related to operations		829	(5,733)	(3,788)	(7,419)
Net cash provided by (used in) operating activities		**2,335**	**(4,567)**	**(126)**	**(2,319)**
Cash flows from financing activities:					
Repayment of long-term debt	6	-	(7,800)	-	(8,400)
Transfers from short-term investments	3	-	5,000	-	5,000
Payment of lease obligations	7	(195)	(148)	(593)	(570)
Payment of dividends		(1,177)	(1,093)	(3,385)	(3,131)
Interest paid		(45)	(92)	(136)	(389)
Issuance of common shares on exercise of stock options		423	15	3,067	112
Shares repurchased and cancelled	8	(1,532)	-	(2,205)	-
Net cash used in financing activities		**(2,526)**	**(4,118)**	**(3,252)**	**(7,378)**
Cash flows from investing activities:					
Interest received	11	22	26	91	63
Transfers from short-term investments	3	18	-	40	-
Acquisitions of property and equipment		(190)	(279)	(455)	(510)
Acquisitions of other intangible assets		-	(62)	-	(62)
Deferred development costs		(309)	(130)	(809)	(597)
Net cash used in investing activities		**(459)**	**(445)**	**(1,133)**	**(1,106)**
Net decrease in cash and cash equivalents during the period		(650)	(9,130)	(4,511)	(10,803)
Cash and cash equivalents - beginning of period		17,374	21,331	21,235	23,004
Cash and cash equivalents - end of period		**$ 16,724**	**$ 12,201**	**$ 16,724**	**$ 12,201**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Tecsys Inc.

Condensed Interim Consolidated Statements of Changes in Equity

For the three and nine-month periods ended January 31, 2024 and 2023

(Unaudited)

(In thousands of Canadian dollars, except number of shares)

	Note	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total
		Number	Amount				
Balance, May 1, 2023		**14,582,837**	**$ 44,338**	**$ 15,285**	**$ (17)**	**$ 10,832**	**$ 70,438**
Net profit		-	-	-	-	1,590	1,590
Other comprehensive income:							
Effective portion of changes in fair value on designated revenue hedges	12	-	-	-	1,101	-	1,101
Exchange difference on translation of foreign operations		-	-	-	(424)	-	(424)
Total comprehensive income		**-**	**-**	**-**	**677**	**1,590**	**2,267**
Shares repurchased and cancelled	8	(76,200)	(248)	(1,957)	-	-	(2,205)
Stock-based Compensation	8	-	-	1,770	-	-	1,770
Dividends to equity owners	8	-	-	-	-	(3,385)	(3,385)
Share options exercised	8	192,302	3,936	(869)	-	-	3,067
Total transactions with owners of the Company		**116,102**	**3,688**	**(1,056)**	**-**	**(3,385)**	**(753)**
Balance, January 31, 2024		**14,698,939**	**$ 48,026**	**$ 14,229**	**$ 660**	**$ 9,037**	**$ 71,952**

	Note	Number	Amount	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance, May 1, 2022		**14,562,895**	**$ 43,973**	**$ 13,176**	**$ (1,434)**	**$ 12,968**	**$ 68,683**
Net profit		-	-	-	-	1,643	1,643
Other comprehensive income:							
Effective portion of changes in fair value on designated revenue hedges	12	-	-	-	515	-	515
Exchange difference on translation of foreign operations		-	-	-	934	-	934
Total comprehensive income		**-**	**-**	**-**	**1,449**	**1,643**	**3,092**
Stock-based Compensation	8	-	-	1,722	-	-	1,722
Dividends to equity owners		-	-	-	-	(3,131)	(3,131)
Share options exercised	8	7,054	139	(27)	-	-	112
Total transactions with owners of the Company		**7,054**	**139**	**1,695**	**-**	**(3,131)**	**(1,297)**
Balance, January 31, 2023		**14,569,949**	**$ 44,112**	**$ 14,871**	**$ 15**	**$ 11,480**	**$ 70,478**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

1. Description of business:

Tecsys Inc. (the "Company") was incorporated under the Canada Business Corporations Act in 1983. The Company's principal business activity is the development, marketing and sale of enterprise-wide supply chain management software for distribution, warehousing, transportation logistics, point-of-use and order management. The Company sells its software primarily on a subscription basis as Software as a Service and on a perpetual license basis with recurring support. The Company also provides related consulting, education and support services. The Company is headquartered at 1, Place Alexis Nihon, Montréal, Canada, and derives most of its revenue from customers located in the United States, Canada and Europe. The Company's customers consist primarily of healthcare systems, services parts, third-party logistics, retail and general wholesale high volume distribution industries. The condensed interim consolidated financial statements comprise the Company and its wholly owned subsidiaries. The Company is a publicly listed entity, and its shares are traded on the Toronto Stock Exchange under the symbol TCS.

2. Basis of preparation:

(a) Statement of compliance:

The Company's unaudited condensed interim consolidated financial statements and the notes thereto have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). They do not include all the information required in the full annual financial statements. Certain information and footnote disclosures normally included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Company's interim financial information. As such, they should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended April 30, 2023.

The unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on February 29, 2024.

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at April 30, 2023, except for changes as detailed below, if any.

(b) Functional and presentation currency:

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. All financial information presented in Canadian dollars has been rounded to the nearest thousand ($000) except when otherwise indicated.

Accounting standard amendments effective for the year ended April 30, 2024:

The following amendments to existing standards were adopted by the Company on May 1, 2023:

IAS 8, Definition of Accounting Estimates:

In February 2022, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)* with amendments that are intended to help entities distinguish between accounting policies and accounting estimates. The amendments clarify that: the definition of a change in accounting estimate is replaced with a definition of accounting estimates; entities develop accounting estimates when items in the financial statements are subject to measurement uncertainty; a change

2. Basis of preparation (continued):

Accounting standard amendments effective for the year ended April 30, 2024 (continued):

IAS 8, Definition of Accounting Estimates (continued):

in accounting estimate that results from new information or new developments is not the correction of an error, and a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The amendments to IAS 8 are effective for annual reporting periods beginning on or after January 1, 2023. Earlier adoption was permitted. The amendment of IAS 8 had no impact on the Company's interim consolidated financial statements.

IAS 12, Income Taxes:

In May 2021, the IASB issued Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12) that clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption, so that it does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition. Instead, companies are required to recognize equal deferred tax assets and liabilities. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application was permitted. The amendment of IAS 12 did not have a material impact on the Company's consolidated financial statements. Furthermore, the amendment of IAS 12 has no impact on the consolidated statements of financial position and the changes in its income taxes note disclosure will be reflected in the annual consolidated financial statements for the year ended April 30, 2024.

IAS 1, Presentation of Financial Statements:

In February 2021 the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 Making Materiality Judgements) with amendments that are required to help preparers in deciding which accounting policy to disclose in their financial statement. An entity is now required to disclose its material accounting policies rather than their significant accounting policies. The amendments clarify that accounting policy information may be material because if its nature, even if the related amounts are immaterial; accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The IASB has developed guidance on how an entity can identify material accounting policy information and provides examples of when accounting policy information is likely to be material. The amendments shall be applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application was permitted. Once an entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. The Company will update its accounting policy information disclosures in its annual consolidated financial statements for the year ended April 30, 2024.

(In thousands of Canadian dollars, except per share data)

3. Short-term investments:

	Nine Months Ended January 31, 2024	Twelve Months Ended April 30, 2023
Balance, beginning of period	$ 15,835	$ 20,239
Withdrawals to repay long-term debt	-	(5,000)
Other withdrawals, net	(40)	-
Interest on short-term investments	691	596
Balance, end of period	**$ 16,486**	**$ 15,835**

Short-term investments consist of Guaranteed Investment Certificates (GIC). The GICs have a 31-day withdrawal notice requirement, and the interest is automatically reinvested monthly.

On December 30, 2022, the Company made a withdrawal to repay the outstanding balance of the Term Facility (note 6).

4. Right-of-use assets:

The following table presents the right-of-use assets for the Company:

	Offices	Data centers	Vehicles and equipment	Total
Balance, April 30, 2023	$ 1,513	$ 170	$ 25	$ 1,708
Depreciation	(269)	(50)	(23)	(342)
Effect of foreign currency exchange differences	(10)	(4)	-	(14)
Balance, January 31, 2024	**$ 1,234**	**$ 116**	**$ 2**	**$ 1,352**

(In thousands of Canadian dollars, except per share data)

5. Contract acquisition costs:

The following table presents the contract acquisition costs for the Company:

	Nine Months Ended January 31, 2024	Twelve Months Ended April 30, 2023
Balance, beginning of the period	$ 5,799	$ 4,891
Additions	2,028	2,920
Amortization	(1,767)	(2,012)
Balance, end of period	**$ 6,060**	**$ 5,799**

Presented as:

	January 31, 2024	April 30, 2023
Current	$ 2,196	$ 2,061
Non-current	$ 3,864	$ 3,738

The current portion of contract acquisition costs is included in Prepaid expenses in the unaudited condensed interim consolidated statements of financial position. Amortization of contract acquisition costs is recorded in sales and marketing expense.

(In thousands of Canadian dollars, except per share data)

6. Banking facilities and long-term debt:

On January 30, 2019, the Company entered into a Credit Agreement. The Credit Agreement included a Term Facility of up to $12,000 and a Revolving Facility of $5,000. The Revolving Facility was for general corporate purposes. Canadian Dollar borrowings under the Credit Agreement are made in the form of Prime Rate Loans or Banker's Acceptances. The Credit Agreement (including Revolving Facility) expired on January 30, 2024.

The Company repaid the outstanding balance of the Term Facility on December 30, 2022. As at April 30, 2023 the Company had no outstanding balances under the Term Facility and the Revolving Facility.

7. Lease obligations:

The Company's leases are for office space, data centers, vehicles, and equipment. Most of these leases do not contain renewal options. The Company has included renewal options in the measurement of lease obligations when it is reasonably certain to exercise the renewal option.

The following table presents lease obligations for the Company:

	January 31, 2024	April 30, 2023
Current	$ 798	$ 793
Non-Current	1,506	2,120
	$ 2,304	**$ 2,913**

The following table presents the contractual undiscounted cash flows for lease obligations as at January 31, 2024:

Less than one year	$ 813
One to five years	1,537
More than five years	158
Total undiscounted lease obligations	**$ 2,508**

7. Lease obligations (continued):

Interest expense on lease obligations for the three and nine months ended January 31, 2024 was $29 and $95 ($50 and $157 for the same periods of fiscal 2023). Total cash outflow was $224 and $688 for the three and nine months ended January 31, 2024 ($198 and $727 for the same periods of fiscal 2023), including $195 and $593 of principal payments on lease obligations ($148 and $570 for the same periods of fiscal 2023). The expense relating to variable lease payments not included in the measurement of lease obligations was $256 and $713 for the three and nine months ended January 31, 2024 ($140 and $679 for the same periods of fiscal 2023). This consists of variable lease payments for operating costs, property taxes and insurance.

Expenses relating to short-term leases not included in the measurement of lease obligations for the three and nine months ended January 31, 2024 and January 31, 2023 were not significant. Expenses relating to leases of low value assets was $54 and $169 for the three and nine months ended January 31, 2024 ($56 and $165 for the same periods of fiscal 2023). Additions on lease obligations during the three and nine months ended January 31, 2024 were $nil ($nil and $217, respectively, for the same periods of fiscal 2023).

8. Share capital and Stock option plan:

(a) Dividend policy:

The Company maintains a quarterly dividend policy. The declaration and payment of dividends is at the discretion of the Board of Directors, which will consider earnings, capital requirements, financial conditions and other such factors as the Board of Directors, in its sole discretion, deems relevant.

On June 29, 2023, the Company's Board of Directors declared a quarterly dividend of $0.075 per share, paid on August 4, 2023 to shareholders of record on July 14, 2023.

On September 7, 2023, the Company's Board of Directors declared a quarterly dividend of $0.075 per share, paid on October 6, 2023 to shareholders of record on September 22, 2023.

On November 30, 2023, the Company's Board of Directors declared a quarterly dividend of $0.08 per share, paid on January 5, 2024 to shareholders of record on December 14, 2023.

(b) Earnings per share:

The calculation of basic earnings per share is based on the net profit and the weighted average number of common shares outstanding. The calculation of diluted earnings per share is based on the net profit and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares.

(In thousands of Canadian dollars, except per share data)

8. Share capital and Stock option plan (continued):

(b) Earnings per share (continued):

Basic and diluted earnings per share are calculated as follows:

	Three Months Ended January 31, 2024	Three Months Ended January 31, 2023	Nine Months Ended January 31, 2024	Nine Months Ended January 31, 2023
Net profit	$ 759	$ 888	$ 1,590	$ 1,643
Weighted average number of common shares outstanding (basic)	14,703,005	14,568,894	14,677,792	14,566,777
Diluted impact of stock options	171,853	224,782	139,859	254,162
Weighted average number of common shares outstanding (diluted)	14,874,858	14,793,676	14,817,651	14,820,939
Basic and diluted earnings per common share	$ 0.05	$ 0.06	$ 0.11	$ 0.11

As at January 31, 2024, 566,525 and 628,342 options were excluded from the three and nine months weighted average number of diluted common shares, respectively, as their effect would have been anti-dilutive (378,293, respectively, for the comparative periods of fiscal 2023).

(c) Stock option plan:

The Company has a stock option plan under which stock options may be granted to certain employees and directors. Under the terms of the plan, the Company may grant options up to 10% of its issued and outstanding shares. The stock option plan is administered by the Board of Directors who may determine, in accordance with the terms of the plan, the terms relating to each option, including the extent to which each option is exercisable during the term of the options.

The exercise price is determined based on the weighted average trading price of the Company's common shares for the 5 days prior to the date the Board of Directors grants the option.

(In thousands of Canadian dollars, except per share data)

8. Share capital and Stock option plan (continued):

(c) Stock option plan (continued):

The movement in outstanding stock options for the nine months ended January 31, 2024 is as follows:

	Number of options		Weighted average exercise price
Outstanding at April 30, 2023	991,966	$	25.32
Granted	283,874		25.65
Exercised	(192,302)		15.95
Forfeited	(46,540)		34.85
Outstanding at January 31, 2024	**1,036,998**	**$**	**26.72**

The following table outlines the outstanding stock options of the Company as at January 31, 2024:

		Fair value per option	Remaining contractual life in years	Number of options currently exercisable		Exercise price	Outstanding options
Granted on July 3, 2019	$	3.28	0.42	267,056	$	14.29	267,056
Granted on February 28, 2020		4.78	1.07	7,031		18.95	7,500
Granted on July 8, 2020		6.95	1.43	125,160		26.75	143,041
Granted on December 2, 2020		10.74	1.84	2,443		36.77	3,257
Granted on February 24, 2021		18.79	2.07	1,375		60.62	2,000
Granted on June 29, 2021		12.66	2.41	91,667		40.34	146,664
Granted on June 29, 2022		12.90	3.41	69,424		34.91	185,122
Granted on September 26, 2022		10.80	3.65	1,094		28.55	3,500
Granted on March 1, 2023		10.42	4.08	563		26.88	3,000
Granted on June 29, 2023		9.98	4.41	33,752		25.48	270,010
Granted November 30, 2023		13.68	4.83	-		33.52	5,848

The issued options vest on quarterly straight-line basis (6.25% per quarter) over the vesting period of 4 years and must be exercised within 5 years from the date of grant.

(In thousands of Canadian dollars, except per share data)

8. Share capital and Stock option plan (continued):

(c) Stock option plan (continued):

The fair value of options granted on June 29, 2023 and November 30, 2023 were determined using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2024		Fiscal 2023	
	June 29, 2023	November 30, 2023	June 29, 2022	September 26, 2022
Exercise share price	$ 25.48	$ 33.52	$ 34.91	$ 28.55
Expected option life (years)	5	5	5	5
Weighted average expected stock price volatility	43.56%	44.76%	39.67%	41.53%
Weighted average dividend yield	1.14%	0.90%	0.77%	0.96%
Weighted average risk-free interest rate	3.72%	3.70%	3.26%	3.39%

For the three and nine months ended January 31, 2024, the Company recognized stock-based compensation expense of $594 and $1,770 ($538 and $1,722 for the same periods of fiscal 2023). The contributed surplus accounts are used to record the accumulated compensation expense related to equity-settled share-based compensation transactions. Upon exercise of stock options, the corresponding amounts previously credited to contributed surplus are transferred to share capital.

(d) Share capital:

On September 12, 2023, the Company announced its Notice of Intention to make a normal course issuer bid ("NCIB") with the Toronto Stock Exchange ("TSX"). Pursuant to the NCIB, during the twelve-month period commencing September 14, 2023 and ending September 13, 2024, the Company intends to purchase up to 500,000 common shares, which represents 3.40% of its 14,694,143 issued and outstanding common shares as of September 1, 2023. Under the NCIB, other than purchases made under block purchase exemptions, the Company may purchase up to 3,572 common shares during any trading day, which represents 25% of 14,288, being the average daily trading volume for the six months ended August 31, 2023. These purchases will be made at the prevailing market price at the time of acquisition, plus brokerage fees, through the facilities of the TSX and/or alternative Canadian trading systems, in accordance with the TSX's applicable policies. All common shares purchased under the NCIB will be cancelled.

During the nine-month period ended January 31, 2024 the Company purchased 76,200 (same period in Fiscal 2023 – $nil) of its outstanding common shares for cancellation at an average price of $28.94 per share. The total cost related to purchasing these shares, including other related costs, was $2,205. The excess of the purchase price over the net book value of these shares of $1,957 has been charged to contributed surplus.

(In thousands of Canadian dollars, except per share data)

9. Remaining performance obligation

The Company enters into SaaS subscription agreements and has historically entered into hosting agreements (classified under Maintenance and Support) that are typically multi-year performance obligations with original contract terms of three to five years. The Company enters into maintenance and support contracts other than hosting agreements that typically have an original term of one year and are subject to annual renewal. These contracts with an original term of one year (or less) are excluded from the table below.

The following table presents revenue expected to be recognized in the future related to SaaS and maintenance and support performance obligations that are part of a contract with an original duration of greater than one year and that are unsatisfied (or partially satisfied) at January 31, 2024:

				January 31, 2024	January 31, 2023
	Remainder of fiscal 2024	Fiscal 2025	Fiscal 2026 and thereafter	Total	Total
SaaS	$ 13,570	$ 47,919	$ 95,726	$ 157,215	$ 128,313
Maintenance and support	465	917	107	1,489	1,983
	$ 14,035	**$ 48,836**	**$ 95,833**	**$ 158,704**	**$ 130,296**

10. Cost of revenue:

	Three Months ended January 31,		Nine Months ended January 31,	
	2024	**2023**	**2024**	**2023**
SaaS, maintenance, support, and professional services:				
Gross expenses	$ 18,840	$ 16,786	$ 54,298	$ 49,930
Amortization of intangible assets	191	178	576	523
Reimbursable expenses	287	577	1,107	1,269
E-business tax credits	(601)	(853)	(1,997)	(2,378)
	$ 18,717	$ 16,688	$ 53,984	$ 49,344
License and hardware	5,176	5,221	15,528	13,443
	$ 23,893	**$ 21,909**	**$ 69,512**	**$ 62,787**

(In thousands of Canadian dollars, except per share data)

11. Other costs (income):

	Three Months ended January 31, 2024	Three Months ended January 31, 2023	Nine Months ended January 31, 2024	Nine Months ended January 31, 2023
Interest expense on bank loans and other	$ 16	$ 42	$ 41	$ 232
Interest accretion expense – lease obligations	29	50	95	157
Foreign exchange loss (gain)	35	(174)	211	(248)
Interest income on short-term investments	(238)	(195)	(691)	(412)
Interest income - other	(22)	(26)	(91)	(63)
	$ (180)	**$ (303)**	**$ (435)**	**$ (334)**

12. Derivative instruments and risk management:

The Company is exposed to currency risk as a significant portion of the Company's revenues and expenses are incurred in U.S. dollars resulting in U.S. dollar-denominated accounts receivable and accounts payable and accrued liabilities. In addition, certain of the Company's cash and cash equivalents are denominated in U.S. dollars. These balances are therefore subject to gains or losses due to fluctuations in that currency. The Company may enter into foreign exchange contracts in order to (a) offset the impact of the fluctuation of the U.S. dollar on its U.S. net monetary assets and (b) hedge highly probable future revenue denominated in U.S. dollars. The Company uses derivative financial instruments only for risk management purposes, not for generating trading profits. As such, any change in cash flows associated with derivative instruments is expected to be offset by changes in cash flows related to the net monetary position in the foreign currency and the recognition of highly probable future U.S. denominated revenue and related accounts receivable.

Non-hedge designated derivative instruments

On January 31, 2024, the Company held six outstanding foreign exchange contracts with various maturities to June 28, 2024, to sell US$5,200 into Canadian dollars at the exchange rate of CA$1.3312 to yield CA$6,922. On January 31, 2024, the Company recorded an unrealized exchange loss of $78 included in accounts payable and accrued liabilities and an unrealized exchange gain of $14 included in other receivables, representing the change in fair value of these outstanding contracts since inception and their initial measurement.

On January 31, 2023, the Company held four outstanding foreign exchange contracts with various maturities to May 2023, to sell US$4,950 into Canadian dollars at the exchange rate of CA$1.3419 to yield CA$6,643. As of January 31, 2023, the Company recorded an unrealized exchange gain of $57 included in other receivables and an unrealized loss of $3 included in the accounts payable and accrued liabilities, representing the change in fair value of these outstanding contracts since inception and their initial measurement.

12. Derivative instruments and risk management (continued):

Revenue hedge designated derivative instruments:

On January 31, 2024, the Company held seventy-six outstanding foreign exchange contracts with various maturities to July 2026 to sell US$119,500 at rates averaging CA$1.3491 to yield CA$161,218. Of the outstanding US$119,500 hedge designated foreign exchange contracts, US$107,500 pertain to highly probable future revenue denominated in U.S. dollars expected over the twenty-seven-month period through April 2026 while US$12,000 relates to realized U.S. dollar denominated revenue. Of the US$107,500 outstanding hedge designated foreign exchange contracts pertaining to highly probable future revenue denominated in U.S. dollars, US$14,000 related to highly probable future revenue in the three-month period through April 2024, US$49,500 related to highly probable future revenue in the twelve-month period through April 2025 and US$44,000 related to highly probable future revenue in the twelve-month period through April 2026. On January 31, 2024, the Company had recorded an unrealized loss of $203 included in accounts payable and accrued liabilities (of which $8 is included in non-current liabilities) and an unrealized gain of $1,114 included in other accounts receivables (of which $789 is included in non-current receivables), representing the change in fair value of these outstanding contracts since inception and their initial measurement.

On January 31, 2023, the Company held forty-six outstanding foreign exchange contracts with various maturities to July 2024 to sell US$70,000 at rates averaging CA$1.3227 to yield CA$92,590. Of the outstanding US$70,000 hedge designated foreign exchange contracts, US$58,000 pertain to highly probable future revenue denominated in U.S. dollars expected over the fifteen-month period through April 2024 while US$12,000 relates to realized U.S. dollar denominated revenue. On January 31, 2023, the Company had recorded an unrealized loss of $1,146 included in accounts payables and accrued liabilities and an unrealized gain of $877 included in other receivables representing the change in fair value of these outstanding contracts since inception and their initial measurement.

(In thousands of Canadian dollars, except per share data)

12. Derivative instruments and risk management (continued):

The following table represents the movement in accumulated other comprehensive income (loss) since the designation of hedging derivative instruments.

	Three Months ended January 31, 2024	Three Months ended January 31, 2023	Nine Months ended January 31, 2024	Nine Months ended January 31, 2023
Accumulated other comprehensive loss on cash flow hedges as at the beginning of period	$ (3,207)	$ (2,054)	$ (207)	$ (201)
Changes in fair value on derivatives designated as cash flow hedges	4,455	1,725	1,119	(1,620)
Amounts reclassified from accumulated other comprehensive income to net earnings, and included in:				
Revenue	(41)	824	70	1,779
Net finance costs	(313)	(181)	(88)	356
Accumulated other comprehensive gain from cash flow hedges	$ 894	$ 314	$ 894	$ 314
Accumulated other comprehensive loss - translation adjustment from foreign operations at the end of period	(234)	(299)	(234)	(299)
Total accumulated other comprehensive gain as at the end of period	**$ 660**	**$ 15**	**$ 660**	**$ 15**

13. Related party transactions:

Key management includes Board of Directors (executive and non-executive) and members of the Executive Committee that report directly to the President and Chief Executive Officer of the Company.

As at January 31, 2024, key management and their spouses control 17.6% (April 30, 2023 – 18.9%) of the issued common shares of the Company.

(In thousands of Canadian dollars, except per share data)

13. Related party transactions (continued):

The compensation paid or payable to key management for employee services during the three and nine-month periods ended January 31, 2024, is as follows:

	Three Months ended January 31,		Nine Months ended January 31,	
	2024	**2023**	**2024**	**2023**
Salaries and bonus	$ 1,557	$ 1,336	$ 4,130	$ 3,692
Other short-term benefits	55	51	206	165
Payment to defined contribution plans	33	36	98	93
	$ 1,645	**$ 1,423**	**$ 4,434**	**$ 3,950**

Under the provisions of the share purchase plan for key management and other management employees, the Company provided interest-free loans to key management and other management employees of $nil (2023- $nil) to facilitate their purchase of the Company's common shares during the three months ended January 31, 2024. During the nine months ended January 31, 2024 the Company provided interest-free loans to key management and other management employees of $424 ($416 for the same period of fiscal 2023) to facilitate their purchase of the Company's common shares during the nine months ended January 31, 2024. As of January 31, 2024, loans outstanding amounted to $202 (April 30, 2023 - $142) and are included in other receivables and other long-term receivables in the unaudited condensed interim consolidated statements of financial position.

14. Operating segment:

Management has organized the Company under one reportable segment: the development and marketing of enterprise-wide distribution software and related services. As at January 31, 2024, substantially all of the Company's property and equipment, goodwill and other intangible assets are located in Canada and Denmark. For Denmark, the property and equipment (including right-of-use assets), goodwill and other intangible assets (including deferred development costs) as at January 31, 2024 were $455, $6,511 and $5,128, respectively (April 30, 2023 – $595, $6,684 and $5,704). For Canada, the amounts were $2,380, $10,783 and $5,495, respectively (April 30, 2023 - $2,915, $10,783 and $5,837). As at January 31, 2024, total assets attributable to Denmark were $17,263 (April 30, 2023 - $16,910). The Company's subsidiaries in the U.S. and the U.K. comprise sales and service operations offering implementation and maintenance services only.

Following is a summary of revenue by geographic location in which the Company's customers are located:

	Three Months ended January 31,		Nine Months ended January 31	
	2024	**2023**	**2024**	**2023**
Canada	$ 8,085	$ 7,073	$ 21,144	$ 20,553
United States	30,403	26,332	91,399	74,976
Europe	5,064	5,094	13,543	13,716
Other	271	418	1,201	1,987
	$ 43,823	**$ 38,917**	**$ 127,287**	**$ 111,232**

15. Subsequent event:

Dividend Declaration:

On February 29, 2024 the Company's Board of Directors declared a quarterly dividend of $0.08 per share to be paid on April 11, 2024 to shareholders of record on March 21, 2024.

Strategic Restructuring Initiative:

Following the end of the reporting period and prior to the final approval of the financial statements, the Company embarked on a strategic restructuring initiative. This move is designed to boost profitability over the long term. As part of the restructuring effort, the Company reduced its workforce by about 4% across several departments, which is anticipated to incur severance costs of approximately $2.3 million.

This restructuring plan was communicated to employees in February 2024. Consequently, no provision for this plan was included in the financial statements as of January 31, 2024. The Company intends to recognize a provision for these costs in the upcoming quarterly financial statements, which will cover the period ending April 30, 2024.

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